

**Evans, Sandra E**

**From:** Charles Tansey [ctansey@nw.org]  
**Sent:** Tuesday, November 27, 2001 12:32 PM  
**Subject:** Clarification of Comments on ANPR

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DATE: November 27, 2001  
SUBJECT: Clarification of Comments re: Docket No. 2001-49, RIN  
1550-AB48, 12 CFR Part 563e, Community Reinvestment Act  
Regulations

Dear Sir/Madam:

In accordance with the request for comments regarding the Advance Notice of Proposed Rulemaking (ANPR), published in the Federal Register on July 19, 2001 (66 FR 37602-37608), the Neighborhood Reinvestment Corporation submitted a number of comments on October 17th.

Subsequent to our submission we received several comments from NeighborWorks® organizations and others in the community development field concerning our recommendation that the loan-to-deposit test be abandoned as a criterion for rating small banks.

We had made the recommendation based on the concept that the loan to deposit ratio is more appropriately used for analysis of safety and soundness than for evaluation of a commitment to community reinvestment, and that imprudent decisions could be the result. We suggested that it would be preferable to obtain more pertinent data for small banks, specifically "the percentage of loans made in the assessment area, and the demographic distributions of such loans." We also noted that the CRA would "benefit from better information on rural lending, pricing, and fees" and that linkages "to HMDA needs would also be beneficial."

The comments we received introduced a concern that dropping the loan-to-deposit ratio would eliminate "one of the few quantitative elements" for measuring a small bank's commitment to its community. It was felt that in the absence of HMDA requirements for rural areas in particular, there would be little objective information with which to evaluate CRA performance.

Under the circumstances, we would like to clarify our comment to recommend that small banks should have the option of submitting HMDA (or equivalent) data on the loans that they make in their assessment areas, or being

governed by the loan-to-deposit ratio.

Please feel free to contact me with any questions or concerns you may have regarding these comments, at (202) 220-2415 or by email at [elazar@nw.org](mailto:elazar@nw.org).

Sincerely,

Ellen Lazar  
Executive Director